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Public money feeds business growth in St. Paul

Under the "Rebuild St. Paul" initiative, a produce distribution company has received \$3.3 million in local, state and federal money to expand its business.

By **CHRIS HAVENS**, Star Tribune

Last update: September 3, 2010 - 8:27 PM

It looks like optimism and federal stimulus program money are paying off for the CEO of a St. Paul produce distribution company who has been planning an \$8.5 million expansion.

Jim Hannigan, president and CEO of J&J Distributing, welcomed political officials to his North End business Friday morning to show them how he plans to boost his business, increase jobs and cut back on energy with the help of \$3.3 million in local, state and federal money.

It's a three-phase plan. In the first, the building, at 653 Rice St., will be renovated with new electrical, lighting and refrigeration systems. In the second, a 20,000-square-foot expansion will be built to house processing equipment. In the third, a new greenhouse will be built with an expectation of turning out 220,000 pounds of hydroponic tomatoes and other produce each year.

The J&J expansion is part of St. Paul Mayor Chris Coleman's "Rebuild St. Paul" initiative, which looks to use public and private money to get projects done around the city. "With this initiative, we are tapping into a variety of tools to help this company complete their project and, in the process, creating jobs and becoming a model of energy efficiency," Coleman said.

Currently, J & J employs 140 full-time workers and 100 part-time and temporary workers. The expansion could add up to 200 jobs, Hannigan said, depending on how business goes.

Here's how the project breaks down:

- \$1.3 million energy conservation loan from the St. Paul Port Authority for high-efficiency lighting and refrigeration systems. The money comes from a larger pool of U.S. Department of Energy stimulus funding.
- \$1.5 million comes from excess tax-increment finance district revenue that the city was recently allowed to use by the Legislature. It will go toward the building expansion.
- \$500,000 in federal stimulus grant money will go toward the greenhouse construction.

The greenhouse will likely use renewable energy sources and reuse water. Composting would take care of waste and aid in creating energy. Hannigan has said the local greenhouse would cut fuel costs and use by not having to transport food from thousands of miles away.

"The strength of our nation is tied to the strength of our energy economy," said U.S. Sen. Amy Klobuchar, who visited the business. "This project demonstrates that by investing in energy efficiency projects we can create jobs."

Construction on the building expansion should begin within months, and the energy upgrades could be complete by next spring. Greenhouse construction is set to begin next year.

"For me, St. Paul is a fabulous place to grow a business," Hannigan said.

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http://www.startribune.com/local/stpaul/102195794.html?page=2&c=y



September 3, 2010 -- St. Paul firm cultivating up to 150 new jobs

Leslie Brooks Suzukamo, Pioneer Press

Produce wholesaler J&J Distributing of St. Paul makes 400 deliveries a day to nearly every grocer you can name in the Twin Cities area, dropping off everything from pineapples to potatoes.

Next spring, if everything goes according to plan, it may deliver a crop that was grown through green energy measures funded by the federal stimulus package - jobs, roughly 100 to 150 of them.

The 32-year-old Rice Street company was the first to sign up for a \$1.3 million energy package of conservation loans and rebates authorized by the St. Paul Port Authority's new "Trillion BTU Fund."

The fund was the product of efforts to save the Rock-Tenn paper-recycling facility in St. Paul's Midway area when it was in danger of closing. Energy retrofits funded by the Port Authority led to the idea of creating a fund as a revolving loan program that could help companies pay for energy-saving measures that would allow them to save money and grow.

The money comes from the American Recovery and Reinvestment Act, and for J&J, it will pay for new energy-efficient lighting and installation of three energy-efficient climate-control systems to replace 44 rooftop refrigeration units.

The company will use part of the money saved from the efficiency measures to pay back the loan in seven years.

It will use the rest to expand. The city of St. Paul is contributing \$1.5 million to help build a 20,000-square-foot addition to the nearly 100,000-square-foot refrigerated concrete-block facility on Rice Street. The addition will include a state-of-the-art cutting room where J&J can make more fruit plates for supermarket deli cases, a labor-intensive job that requires people, not machines.

"The best machine is a good worker," J&J CEO Jim Hannigan said. "When it comes to processing work, it creates jobs."

Finally, J&J will use \$500,000 funded by the city's Community Development Block Grant Recovery Act to build a greenhouse on site that is expected to produce hothouse tomatoes and other produce year-round.

The addition is expected to reduce the firm's greenhouse gas production by creating an urban farm that reduces the amount of fresh fruits and vegetables trucked halfway across the country, Hannigan said.

Up to 80 percent of the energy J&J uses is transportation fuel for the big rigs that deliver the produce, he said. Fruits and vegetables travel an average of 1,500 miles before hitting supermarket shelves, he said.

Hannigan's \$65 million, 240-employee business was at capacity and trying to figure out how to grow when he found out about the Trillion BTU program.

"For a company like ours, this is a phenomenal return on investment," he said.

The promise of growing jobs brought out political office-holders to a ceremonial "fruit cutting" at the facility Friday.

U.S. Sens. Amy Klobuchar and Al Franken, U.S. Rep. Betty McCollum, who represents St. Paul, and St. Paul Mayor Chris Coleman shared a dais, joked about the cold weather and lauded the stimulus aid.

"This is not just about saving energy," Klobuchar said, "this is about jobs."



St. Paul highlights J&J Distributing expansion

Minneapolis / St. Paul Business Journal - by Chris Newmarker Friday, September 3, 2010, 2:02pm CDT

A host of public officials gathered in St. Paul on Friday to highlight how \$3.3 million in government funds are helping to pay for \$8.5 million in expansion work and energy efficiency upgrades at J&J Distributing in the city's North End.

"With this initiative we are tapping into a variety of tools to help this company complete their project and in the process, creating jobs and becoming a model of energy efficiency," St. Paul Mayor Chris Coleman said in a news release. U.S. Sens. Al Franken and Amy Klobuchar and Rep. Betty McCollum were also at the event.

J&J Distributing transports wholesale vegetables and fruits to most of the grocery stores around the Twin Cities.

Public funds from a number of sources were cobbled together to make the project work:

- A \$1.3 million energy conservation loan from the St. Paul Port Authority's Trillion BTU Fund is paying for energy-efficient lighting and installation of three energy climate systems to replace 44 inefficient refrigeration units. The Port Authority funded its Trillion BTU initiative with \$5.5 million in economic stimulus funding from the U.S. Department of Energy and Minnesota Department of Commerce.
- The City of Saint Paul is providing an extra \$1.5 million, raised through Minnesota Jobs Bill Tax Increment Financing, for a 20,000-square-foot expansion that will include a room for cutting and packaging produce. J&J plans to add about 150 jobs as a result of the expansion.
- J&J will use \$500,000 in St. Paul Community Development Block Grant Recovery Act funds to build an on-site greenhouse, which is expected to produce 220,000 pounds of tomatoes and other produce annually.

The energy upgrade portion of the project is in the engineering phase and is scheduled to be completed in the spring of 2011. The 20,000-square-foot expansion will begin in October 2010. Construction of the greenhouse will begin in summer 2011.

St. Paul-based Harris Cos.'s Harris Service unit is the general contractor for the energy upgrades, and Cap Electric is providing electrical expertise.

J&J's board of directors still need to sign off on the expansion and greenhouse, according to a company spokesman. Contract bidding is still open for those two projects.

http://www.bizjournals.com/twincities/stories/2010/08/30/daily45.html



Gov'ts Give J&J Distributing \$3.3M for Upgrades

The project is the first under an initiative called Rebuild Saint Paul, which was announced last month and will fuel the construction of a series of projects across the city.

Government funds amounting to \$3.3 million will help pay for \$8.5 million worth of expansion and energy efficiency upgrades at J&J Distributing in St. Paul's North End.

Various government leaders gathered at the company's location on Friday and outlined plans for the project—the first under an initiative called Rebuild Saint Paul, which was announced last month and will fuel the construction of a series of projects across the city.

Rebuild Saint Paul combines bonding, private partnerships, and city, state, and federal funds; it is expected to leverage more than \$100 million in investments and create more than 3,000 new jobs in St. Paul.

"J&J Distributing is a shining example of the type of projects we need to invest in to create good jobs in Saint Paul," St. Paul Mayor Chris Coleman said in a statement. "With this initiative, we are tapping into a variety of tools to help this company complete their project and, in the process, creating jobs and becoming a model of energy efficiency."

The J&J Distributing project will use \$1.3 million from the Saint Paul Port Authority's Trillion Btu Fund—a fund that was made possible through \$5.5 million worth of grants from the U.S. Department of Energy and the Minnesota Department of Commerce. The \$1.3 million will go toward measures that reduce energy consumption—including adding energy-efficient lighting and replacing 44 old and inefficient refrigeration units, both of which will be completed in spring 2011.

The City of St. Paul is contributing an additional \$1.5 million made possible by the Minnesota Jobs Bill Tax Increment Financing. That money will be used for a 20,000-square-foot addition to the north side of its 100,000-square-foot warehouse. The addition will become a state-of-the-art facility for Cuttin' Time, the company's processing division. The expansion will begin in October and add about 150 jobs.

Additionally, J&J will use \$500,000 in Saint Paul Community Development Block Grant Recovery Act funds to build an on-site greenhouse, which is expected to produce 220,000 pounds of tomatoes and other produce annually. Construction on the greenhouse will begin in the summer of 2011.

J&J Distributing, founded in 1978, transports wholesale fruits and vegetables to grocery stores around the metro area. It employs approximately 200 people.

http://tcbmag.blogs.com/daily_developments/2010/09/govts-give-jj-distributing-33m-for-upgrades.html

MPR**news**

September 3, 2010 - Sasha Aslanian

A Saint Paul **produce distributor** that plans to hire about 150 people, has become the one of the first to benefit from a federal, state and local partnership aimed at helping energy-saving businesses.

J & J Distributing will replace inefficient cooling units, expand its processing capability and build a greenhouse. J & J Distributing President and CEO Jim Hannigan says he expects to save \$175,000 a year in energy costs.

"The agricultural industry and the food chain that we represent is an energy hog. We just use energy for everything we do so anything you can do to reduce that is good for the environment, is good for the community, it's just good for everyone."

The 10 public and private partners in the deal will use 3.3 million dollars of public grants and loans to leverage more than a third of the project's cost.

Minnesota's two U.S. senators joined state and local leaders today at a St. Paul company that will use federal stimulus dollars and local loans and grants to cut energy costs and add jobs.

J & J Distribution in St. Paul will use a combination of grants and loans to replace inefficient refrigeration units, expand its fruit and vegetable processing facilities and build a greenhouse.

Standing behind a table of colorful fruit and vegetables from J & J's warehouse, Democratic Senator Amy **Klobuchar** praised the energy savings of the project:

"I was looking down at this fruit and remembering when Secretary of Energy Chu talks about energy efficiency, he talks about not just the low-hanging fruit, it's the fruit that's rolling around on the ground and I thought how appropriate that quote is for today!"

J & J Distribution expects to save \$175,000 dollars a year in energy costs and add between 100 and 200 produce-processing jobs.